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5 Attorneys for Advanced Discovery, LLC,
Give Something Back, Inc., Howrey
6 Claims, LLC, Kent Daniels and Assoc.,
Inc., L.A. Best Photocopies, Inc., Matura
7 Farrington Staffing Services, Inc., and
8 Western Messenger, Inc.

9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11 SAN FRANCISCO DIVISION

12 In re:
13 HOWREY LLP,
14 Debtor.

Case No. 11-31376

Chapter 11

ADVANCED CREDITORS'
OBJECTION TO SETTLEMENT

1 Advanced Discovery, LLC, Give Something Back, Inc., Howrey Claims, LLC, Kent Daniels
2 and Assoc., Inc., L.A. Best Photocopies, Inc., Matura Farrington Staffing Services, Inc., and
3 Western Messenger, Inc. (Advanced Creditors) hereby object to approval by the Bankruptcy
4 Court of the settlement proposed by Docket No. 1721 on the following grounds:

- 5 1. C.C.P. §§ 877 and 877.6 have no application to a situation where, as here, there are no co-
6 obligors. Put another way, a settlement of obligations owed to a corporation by its
7 shareholders in no way implicates obligations owed by the corporation and its
8 shareholders jointly to third party creditors of both as a result of the application of the alter
9 ego remedy.
- 10 2. 11 U.S.C. § 363(m) cannot be the subject of a proper Section 363 good faith finding *vis a*
11 *vis* a settlement having the characteristics of the one proposed by Docket No. 1721 albeit
12 that, in the Ninth Circuit, a particular settlement may sometimes, and under circumstances
13 in no way present here, be treated as both a settlement under Rule 9019 Fed. R. Bankr.
14 Pro. as well as a sale of assets under Rule 6004 Fed. R. Bankr. Pro.
- 15 3. Alter ego is something that is, by its very nature, incapable of being deemed property of
16 the estate under any provision of Chapter 5 of the Bankruptcy Code (11 U.S.C. § 101
17 et.seq.) and—rather than being Chapter 5 property of the estate—is merely a non-
18 exclusive remedy available to anyone owning, *inter alia*, a substantive claim against a
19 corporation, specifically including, but not limited to the Advanced Creditors.
- 20 4. Channeling injunctions are forbidden in the Ninth Circuit outside the area of certain mass
21 torts not present here.

22 This objection by the Advanced Creditors incorporates the previously filed declarations and
23 exhibits to the Declaration of Chad Hoffman (Docket No. 1734), the Declaration of Richard Feith
24 (Docket No. 1725), the Declaration of Van Chan (Docket No. 1726), and the Declaration of

1 Karen Farrington (Docket No. 1724) and will be further supplemented by an appropriate
2 memorandum of points and authorities in support of this opposition to be filed on or before the
3 May 22, 2014 deadline for opposing Docket No. 1721.

4 Dated: May 10, 2014

McGRANE LLP

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6 By: /s/ William McGrane

William McGrane

7 Attorneys Advanced Discovery, LLC, Give
8 Something Back, Inc., Howrey Claims, LLC,
9 Kent Daniels and Assoc., Inc., L.A. Best
Photocopies, Inc., Matura Farrington
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